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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* WILL H. GARDENSWARTZ, DAVID W. BANKER,  
and MELISSA B. GOIDEL

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Appeal 2007-2767  
Application 09/893,775  
Technology Center 3600

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Decided: October 31, 2008

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Before, MURRIEL E. CRAWFORD, ANTON W. FETTING, and JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1, 55, and 57-87. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF DECISION

We AFFIRM.

### THE INVENTION

Appellants claim a method and/or system for communicating with a computer associated with a particular consumer based on the consumer's offline purchase history. (Specification 1:21-22.)

Claims 1 and 55, reproduced below, are representative of the subject matter on appeal.

Claim 1: A method for delivering a targeted advertisement, comprising:

receiving from a first computer a first identifier identifying the first computer and associated by a purchase behavior classification with an observed offline purchase history of a consumer, said purchase history including purchase history information of an offline purchase of a consumer collected when the offline purchase transpired; and

selecting and electronically delivering the targeted advertisement to the consumer at the first computer in response to receiving the first identifier from the first computer, said selecting based on said purchase behavior classification without providing to an advertiser any of said purchase history information,

wherein said offline purchase was not transacted with the first computer.

Claim 55: A computer network implemented method for delivering targeted advertisements, comprising:

collecting, during an offline purchase transaction of a first consumer at a point of sale terminal in a retail store, a first consumer offline purchase history data and a first customer identification for said first consumer;

storing said first consumer offline purchase history data in association with said first consumer identification;

receiving from a consumer computer a first identifier;

associating said first identifier with said first consumer identification which is associated with said first consumer offline purchase history data;

determining a targeted advertisement for said first consumer based at least in part on said offline purchase history associated via said first consumer identification with said first identifier;

delivering said determined targeted advertisement to said first consumer via said consumer computer;

wherein said consumer computer is at least one of a computer at said first consumer's home and a computer at said first consumer's office; and

wherein said consumer computer is not at said point of sale terminal.

#### THE PRIOR ART AND THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Stein	US 5,459,306	Oct. 17, 1995
Herz	US 5,74,938	May 19, 1998
Biorge	US 5,806,045	Sep. 8, 1998
Eikeland	US 5,828,837	Oct. 27, 1998
Beaumont	US 5,873,068	Feb. 16, 1999

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Merriman	US 5,948,061	Sep. 7, 1999
Shilcrat	US 5,963,948	Oct. 5, 1999
Katz	US 6,055,513	Apr. 25, 2000
DeLapa	US 6,076,068	Jun. 13, 2000
Ogasawara	US 6,123,259	Sep. 26, 2000
Suzuki	US 6,129,274	Oct. 10, 2000
Hirono	US 6,882,348 B2	Apr. 19, 2005

*Merriam-Webster's Collegiate Dictionary*, (10<sup>th</sup> Ed., 1997).

Official Notice taken that limitations of claims 57, 58, 60, 61, 71 and 75-85 were well known to those of skill in the art at the time of the invention.

The following rejections are before us for review.

1. Claim 1 stands rejected under 35 U.S.C. § 103(a) as being obvious over Biorge in view of Stein and Herz.
2. Claims 55, 59, 62-69, 72-74, 86, and 87 stand rejected under 35 U.S.C. § 103(a) as obvious over Stein in view of Merriman.
3. Claims 57, 58, 60, 61, 71, and 75-85 stand rejected under 35 U.S.C. § 103(a) as obvious over Stein in view of Merriman and the Examiner's Official Notice.
4. Claim 70 stands rejected under 35 U.S.C. § 103(a) as obvious over Stein in view of Merriman and further in view of DeLapa.

## ISSUES

The first issue is whether Appellants have sustained their burden of showing that the Examiner erred in rejecting claim 1 on appeal as being unpatentable under 35 U.S.C. § 103(a) over Biorge in view of Stein and Herz.

The second issue is whether Appellants have sustained their burden of

showing that the Examiner erred in rejecting claims 55, 59, 62-69, 72-74, 86, and 87 on appeal as being unpatentable under 35 U.S.C. § 103(a) over Stein in view of Merriman.

The third issue is whether Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 57, 58, 60, 61, 71, and 75-85 under 35 U.S.C. § 103(a) as obvious over Stein in view of Merriman and the Examiner's Official Notice.

The forth issue is whether Appellants have sustained their burden of showing that the Examiner erred in rejecting claim 70 under 35 U.S.C. § 103(a) as obvious over Stein in view of Merriman and further in view of DeLapa.

#### FINDINGS OF FACT

We find the following facts by a preponderance of the evidence:

1. The Examiner found that Biorge discloses that a

first computer is used to transact an offline purchase only when credits are available (on the first computer) and used to pay at least part of the purchase price. The reference teaches (col. 5 lines 29-33) that presently accrued credits are not applicable to present purchases. Hence, when the only credits available are presently accrued credits, the first computer is not used to transact the purchase.

(Answer 4.)

2. Stein discloses:

The host system 13 includes host storage 15. The host system 13 is preferably a central host mainframe. The host storage 15 is utilized to store the following information:

updates or changes for the point-of-sale computer 11

specific promotional items  
graphics associated with a particular item  
text associated with a particular item  
products which should be available  
customer specific information  
rules for predicting purchases

The host storage 15 on the host system 13 can be used to provide a national data base of customers.

(Stein, col. 4, ll. 3-15.)

3. Stein discloses a centralized host computer 13 which tracts customer transactions by

[d]uring the dial-in session, the point-of-sale computer 11 will transmit to the host computer new information in the customer history file. For example, the information transmitted by the point-of-sale computer includes data on new customers and customers "foreign" to the store, and user codes and part numbers associated with each user's selections, since last polled by the host computer. (A "foreign" customer is one known to the system, but not known at the location of the point-of-sale computer.)

The point-of-sale computer 11 will also request customer histories from the host computer 13 for any "foreign" customers which are unknown where the point-of-sale computer 11 is located. When the point-of-sale computer 11 makes such a request, the host computer 13 transmits the customer history information for each "foreign" customer to the point-of-sale computer, and the point-of-sale computer 11 stores the information as part of its customer history file.

(Stein, col. 8, ll. 39-55.)

4. Stein discloses that “[t]he coupon controller 9 receives the updates, changes, promotions, graphics, rules from the host system 13 passed through via the point-of-sale computer 11.” (Stein, col. 5, l. 67-col. 6, ll. 1-2.)

5. Merriman discloses that:

If the user's browser is cookie enabled but no cookie is detected, then the request is from a new user so a user identification must be assigned to the user and that user's new identification number will be transmitted back to the users browser along with a write cookie instruction that causes the browser to write a cookie containing that unique identification number on the user's local drive for future accesses to affiliate sites. The cookie instruction is transmitted back with the advertisement messages 24. Alternatively, instead of using cookies, digital signatures or certificates or log ins uniquely identifying the user accessing the affiliate page may be used.

(Merriman, col. 5, ll. 21-32.)

6. In Merriman, the advertiser server recognizes the IP address of the consumer and the user ID specified by the cookie previously registered to the browser server (FF 5) and since the advertiser server records that relationship it sends the cookie value of the responding customer back to the browser server to effect an response to the consumer. (Merriman, col. 7, ll. 15-26)

7. The Examiner established the following evidence in support of his finding of facts based on Official Notice:

Claims 57, 58, 60 and 61: The following references each teach consumer purchase history data including the SKU (stock keeping unit, the

lowest level product ID), UPC (universal product code, the bar code ID of a product), price and date of an item purchased: Shilcrat, Ogasawara and Suzuki. All obviously enhance the usefulness of purchase history data for ad targeting and sales promotion.

Claim 71: The following references each teach IVR (interactive voice response) for ad targeting using consumer purchase history: Beaumont et al and Katz et al. Both teach that IVR is intended to provide precisely the added limitations of claim 71.

(Answer 17.)

#### PRINCIPLES OF LAW

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’’’ *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S. Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior

art,” *id.* at 1739, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 127 S. Ct. at 1739 (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.* The Court explained:

When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill.

*Id.* at 1740. The operative question in this “functional approach” is thus “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

The Supreme Court stated that there are “[t]hree cases decided after *Graham* [that] illustrate the application of this doctrine.” *Id.* at 1739. “In *United States v. Adams*, ... [t]he Court recognized that when a patent claims a structure already known in the prior art that is altered by the mere substitution of one element for another known in the field, the combination must do more than yield a predictable result.” *Id.* at 1739-40. “*Sakraida*

*and Anderson's-Black Rock* are illustrative – a court must ask whether the improvement is more than the predictable use of prior art elements according to their established function.” *Id.* at 1740.

The Supreme Court stated that “[f]ollowing these principles may be more difficult in other cases than it is here because the claimed subject matter may involve more than the simple substitution of one known element for another or the mere application of a known technique to a piece of prior art ready for the improvement.” *Id.* The Court explained:

Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.

*Id.* at 1740-41. The Court noted that “[t]o facilitate review, this analysis should be made explicit.” *Id.* (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”). However, “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.”

## ANALYSIS

We affirm the rejections of claims 1, 55, and 57-87.

### *Claim 1*

Claim 1 is rejected under 35 U.S.C. § 103(a) as being obvious over Biorge in view of Stein and Herz.

Appellants argue claim 1 requires the offline purchase not be transacted with the first computer, and thus Biorge fails to meet this claim language because “...Biorge does in fact disclose that device 74 is used for all transactions, [and the] ... device 74 is involved in every transaction to check for both (1) a previous incentive credit and (2) an incentive credit generated by the present transaction” (Appeal Br. 7). The Examiner however found that Biorge discloses offline purchases when the only credits available are presently accrued credits and thus the portable device or first computer cannot be used to transact the purchase. (FF 1)

We are not convinced that even if the portable in Biorge were not used to effect an offline purchase, that the purchase would be tracked by a system enough to match a related advertisement to the user based on that purchase. However, we do not consider this ambiguity to be error in the *prima facie* case made under 35 U.S.C. § 103(a) because Stein offers a clearer teaching on this point.

Stein discloses the use of a host computer which tracks purchase history of a consumer on a national basis at brick and mortar stores (e.g., off line purchases) and updates a database so that the database is current at whatever store the consumer purchases (FF 2). To use a computer, such as host computer 13 in Stein, in conjunction with the first computer or portable device in Biorge to create a centralized database which accounts for offline

purchases and causes the involved consumer to receive updated advertisements or coupons (FF 3,4) based on all purchases would be a predictable variation to the Biorge system. “When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or in a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *KSR*, 127 S. Ct. at 1740. Thus, we are not persuaded as to error in the rejection.

*Claims 55, 59, 62-69, 72-74, 86, and 87*

Claims 55, 59, 62-69, 72, 86, and 87 were rejected under Stein in view of Merriman. Initially, we note that the Appellants argue independent claims 55, 86, and 87 together as a group. Correspondingly, we select representative claim 55 to decide the appeal of these claims, remaining dependent claims 59, 62, 63, 68, 69, 72, 86, and 87, not argued separately, standing or falling with claim 55.

Appellants argue that the proposed motivation for combining Stein and Merriman, i.e., preventing a user from monopolizing a kiosk, “is a stretch because Stein explicitly discloses different means that keeps a consumer from monopolizing a kiosk.” (Appeal Br. 15.)

First, to the extent Appellants are looking for an explicit motivation, suggestion, or teaching in the art, this rigid test has been foreclosed by the Supreme Court’s holding in *KSR Int’l Co. v. Teleflex Inc.*, 127 S. Ct. 1727 (2007). In *KSR*, the Court characterized the teaching, suggestion, motivation test as a “helpful insight” but found that when it is rigidly applied, it is incompatible with the Court’s precedents. *KSR*, 127 S. Ct. at 1741. The

holding in *KSR* makes clear that it is no longer absolutely necessary to find motivation in the references themselves. *See KSR*, 127 S. Ct. at 1741.

Second, we do not consider the Examiner's reasoning here to be unreasonable because the use of remotely operated POS stations would reasonably reduce the number of kiosks required to service a given number of customers frequenting the store in that there would be less people traveling to the store to place an order. With reduced demand, comes an increase in the availability of machines thereby lessening any problem of prolonged usage of the machines by customers.

Appellants further argue error because "Merriman's disclosure of a PDF is in the context of a device that allows a user to operate a web browser.... 'to any one of a plurality of affiliate web sites 12.'" (Appeal Br. 16.) We are not persuaded of error here because we can infer from Merriman that an accessible affiliate web site could also include the video rental store of Stein, once an affiliate agreement is reached. *See KSR* at 1741. (In making the obviousness determination one "can take account of the inferences and creative steps that a person of ordinary skill in the art would employ").

Appellants further argue that the "Stein and Merriman's systems are not comparable because their local and wide area networks are not interchangeable." (Appeal Br. 16). Specifically, Appellants argue that since the Stein system is local ethernet based and Merriman is internet based, the combination cannot be made (Appeal Br. 16, 17). We disagree with Appellants. The Examiner proposes replacing the LAN of Stein with the Internet based system of Merriman (Answer 12) which we consider reasonable and within the skill of a person with ordinary skill in the art.

“For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill.” *KSR* at 1740. Thus, we conclude that the proposed modification to Stein would be known to a person with ordinary skill in the art as broadening the system capability, and thus be an improvement to its LAN configuration.

Appellants also argue that “Stein does not disclose the consumer being situated outside the retail store during the transaction.” (Appeal Br. 17.) That argument is not well taken because the Appellants are attacking the reference individually when the rejection is based on combining Stein and Merriman, with Merriman teaching the use of a PDA - a mobile device usable outside a store. *See In re Keller*, 642 F.2d 413, 426 (CCPA 1981); *In re Young*, 403 F.2d 754, 757-58 (CCPA 1968).

Appellants argue that claim 64 which recites receiving the first identifier at an advertiser's server is not disclosed in the combination because the coupon controller in Stein does not send a cookie to the client computer as done by Appellants' server (Appeal Br. 19). The Examiner maintains that this argument fails because it is not based on limitations appearing in the claims, and thus is not commensurate with the broader scope of claim 64 which merely recites an advertiser server. (Answer 19.) Appellants however maintain that the Specification at page 2, line 23 to page 3 line 3, and page 10 lines 17-25 defines the advertiser server as one which sends a cookie to the client computer (Appeal Br. 19, 21). However, a reading of these passages in the Specification reveals no specific definition of the term “advertiser server,” but rather employs the term “may be” which

signifies an example rather than a definition. Further, any mention of the transmission of a cookie is done so in the operational sense of the system and not as a definition. We thus agree with the Examiner that this argument is outside the scope of claim 64. *In re Self*, 671 F.2d 1344, 1348 (CCPA 1982).

Appellants further argue that “there is no showing of the association table defined by claim 65” (Appeal Br. 20). However, the Examiner maintains that Stein discloses an association table because “any mechanism that associates identifiers with corresponding consumer identifications is an association table.” (Answer 14.) Appellants, in reply (Appeal Br. 20-21), again attempt to use a description from the Specification explaining how the system operates as a definition for the words “association table.” We agree with the Examiner that Appellants’ arguments fail because they are not based on limitations appearing in the claims and are not commensurate with the broader scope of claim 65 which merely requires an association table that associates identifiers with customer identifications which the Examiner has found (Appeal Br. 20) is disclosed by Stein. *See Self*, 671 F.2d at 1348.

Regarding claims 66 and 67 it is not apparent, and Appellants have not cogently explained, why no prima facie case of obviousness has been made for these claims. We therefore find no error in the rejection of claims 66 and 67 by the Examiner.

Claim 73 recites initiating online registration by entering data on a web page hosted by an advertiser’s server. The Examiner found that the user ID in Merriman can be assigned to a user via a log-in identification which must be provided voluntarily, such as by a registration page. (Answer 14.) We agree with the Examiner that the assignment of a user identification to a

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customer would involve entering data from the PDA in Merriman so as to correlate the assigned identification with the user. We thus conclude Appellants have failed to show error in the Examiner's prima facie case with respect to claim 73.

Appellants further argue that claim 74 requires sending a cookie having a cookie value from the advertiser's server to a registration server is not disclosed by Merriman (Appeal Br. 22-23). We disagree with Appellants. Merriman discloses using a cookie to register a new user through an advertisement transmitted by a browser (FF 5). Merriman also discloses the advertiser server records the cookie value of the responding customer and sends it back to the browser server to effect a response to the consumer as required by claim 74 (FF 5). We thus conclude Appellants have failed to show error in the Examiner's prima facie case.

*Claims 57, 58, 60, 61, 71, and 75-85*

Appellants challenge the Examiner's use of Official Notice in rejecting claims 57, 58, 60, 61, 71, and 75-85. The Examiner's Answer provides evidence (FF 7) in response to Appellants' challenges to the Official Notice taken by the Examiner. Appellants' Reply Brief does not address these points and thus the Official Notice points are deemed conceded.

Further, Appellants argue that the Examiner failed to establish a prima facie case of obviousness because:

three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge

generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.

(Appeal Br. 25.) To the extent Appellants are looking for an explicit motivation, suggestion, or teaching in the art, this rigid test has been foreclosed by the Supreme Court's recent holding in *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727 (2007). As such, we conclude Appellants have failed to show error in the Examiner's prima facie case.

#### *Claim 70*

Appellants argue error regarding the rejection of claim 70 in that:

Claim 70 recites "transmitting said first consumer offline purchase history data for said offline purchase transaction from a retail store where said offline purchase transaction occurs to [said analytical computer system not located in said retail store] in real time." For this additional reason, the rejection of claim 70 is improper and should be reversed.

(Appeal Br. 26.)

However, that argument is not well taken because the Appellants are attacking the Stein reference individually when the rejection is based on a combination of references which involves modifying Stein to include the internet based network of Merriman which would result in the real time processing required by claim 70. *See Keller*, 642 F.2d at 426; *Young*, 403 F.2d at 757-58.

## CONCLUSIONS OF LAW

1. We conclude Appellants have not shown that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 103(a) as being obvious over Biurge in view of Stein and Herz.

2. We conclude Appellants have not shown that the Examiner erred in rejecting claims 55, 59, 62-69, 72-74, 86, and 87 under 35 U.S.C. § 103(a) as obvious over Stein in view of Merriman.

3. We conclude Appellants have not shown that the Examiner erred in rejecting claims 57, 58, 60, 61, 71, and 75-85 under 35 U.S.C. § 103(a) as obvious over Stein in view of Merriman and the Examiner's Official Notice.

4. We conclude Appellants have not shown that the Examiner erred in rejecting claim 70 under 35 U.S.C. § 103(a) as obvious over Stein in view of Merriman and further in view of DeLapa.

## DECISION

The decision of the Examiner to reject claims 1, 55, and 57-87 is  
**AFFIRMED.**

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

**AFFIRMED**

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